Budget Speculation

Who'll Pay Expected New Taxes?

By HARRY YOUNG
Colonist Business Editor

In business and financial circles, it is now more or less accepted as probable that Canadian taxation will be increased next month as Finance Minister Fleming attempts to bring the budget into a state of balance.

This in turn has set off a chain of views as to how this extra revenue will be raised.

A popular idea is that Mr. Fleming will take the straight course of increasing the income and corporation tax rates.

The point is made that in this way the burden of higher taxation is borne more or less in proportion to the individual's or corporation's level of earnings.

The idea is rejected that Mr. Fleming at this stage would care to reduce the levels of taxation allowances for this would hit hardest at the lowest bracket of income tax payers.

Mr. Fleming could get all the extra revenue he requires from increases in income and corporation tax, or he could make a raid on other tax fields.

One of these is the dividend tax credit made available to those who receive dividends from Canadian companies.

At its present level of 20 per cent, this tax is a tremendous boon to those who are living largely on equity investments. It is possible for a married couple to make up to $10,000 in dividend income before having to pay income tax at all.

At first glance, this may seem overly indulgent to persons with this type of income, but it has to be remembered that the cash in every dividend paid has already borne up to 50 per cent deduction in corporation tax.

Dividend credits are merely a method of lessening the blow of double taxation.

Interest on bonds or debentures do not qualify for dividend credit because in their case no corporation tax has been paid on them.

If Mr. Fleming reduced the dividend credit, it would be a serious matter to the many people in the Victoria district who live largely on dividend income.

The amount which could be saved by a change in the credit level is not regarded as being sufficiently large to justify a change.

But if it did happen, the average investor would be inclined to switch some of his lower yielding equities into bonds.

Indeed any attempt by Mr. Fleming to balance the budget would have the effect of popularizing bonds as an investment, and to a degree most investment dealers take the view that this wuold be a healthy trend.

They do not particularly like a situation in which bond yields are running one to two per cent higher than those obtainable in common and preferred stocks.

Higher taxation would probably have the temporary effect of lowering stock market prices in Canada, but it creates a better atmosphere on the long term.

Navigational Difficulties

The alternatives being what they are, the choice of Tsawwassen Beach as the mainland terminal of the new B.C. government ferry service to Vancouver Island, was very nearly inevitable.

The government ordered two large car-carrying ferries on the assumption that terminals would be easy to find.

Unfortunately, as all mariners in these parts could have told them in advance this was not the case.

From Vancouver Harbor itself right down to the U.S. border at Blaine, there is not a good natural anchorage, shelter or harbor.

Small boat operators dread this stretch of coast just as they do the long reach between Gibson's Landing and Half-Moon Bay farther to the northwest.

From Vancouver south, the government's ferry possibilities were Steveston, Tsawwassen, Point Roberts and White Rock.

Steveston and White Rock had two strikes against them at the start because they presented an additional 18 miles round trip journey to Vancouver Island.

In addition Steveston presented difficulties of turning a large car ferry in the narrow fast-moving Fraser River channel, while at periods of the year gill-netting operations would provide extra navigational problems.

White Rock was out because it is fully exposed to the southeast and southwest winds. It would be out of use for long periods during the average winter.

Point Roberts was also discarded because it involved crossing U.S. territory, and would also be extremely exposed to the storms of the Strait of Georgia. It was, however, recommended as the best site by the government's marine consultants.

Tsawwassen, which is about two miles northwest of Point Roberts, and just on the Canadian side of the Border, is protected by a bluff from the worst of the nasty southeast gales, but is open to the southwesters and westerlies.

But this is not the only Tsawwassen snag. The tide at Tsawwassen goes out nearly a mile. Then there is another three-quarters of a mile of shallow water before navigable depth is reached away out in the Strait of Georgia.

A 500-foot wide channel would have to be dug 24 feet below the low tide mark, and this would have to extend from the edge of deep water for at least part of the way above low tide mark.

Highways Minister P. A. Gaglardi, who becomes a sort of admiral of the government's fleet through his position as head of the Toll Bridge and Highway authority, has stated it will cost more than $3,000,000 to build the terminal.

This is rather more than the cost of building the ferry now under construction at the VMD yard in Victoria and rather less than the one being built in Vancouver.

But those who know the Gulf of Georgia, and the potential construction troubles feel that this estimate might prove entirely inadequate.

Subsidies May Be Required

With vessels of great superstructure like the new ferries it is not only protection from waves, but from wind which will have to be taken into consideration.

Even on a calm sea, the navigational problem of steering a 300 foot vessel into a 500 foot wide channel with a raging cross wind could be a nightmare. Just how bad this would be some two miles out in the Gulf of Georgia has yet to be tried.

There seems little doubt either that even if Tsawwassen was usable in the southeasters, it would be out-of-play during the stronger southwesters.

But what must worry the taxpayer most is the fact that the installation of the ferry service is going to cost a great deal more than was originally expected.

It no longer looks as if the capital requirements of $10,000,000 would be anything like sufficient.

Mr. Gaglardi has already uttered the sombre warning that subsidies may be necessary to keep rates at a popular level.

If subsidies are used to run the rival companies operating ferries out of business, the whole purpose of the government intervention will be lost.

On the other hand, if the government rates are not low, they will not get the business.

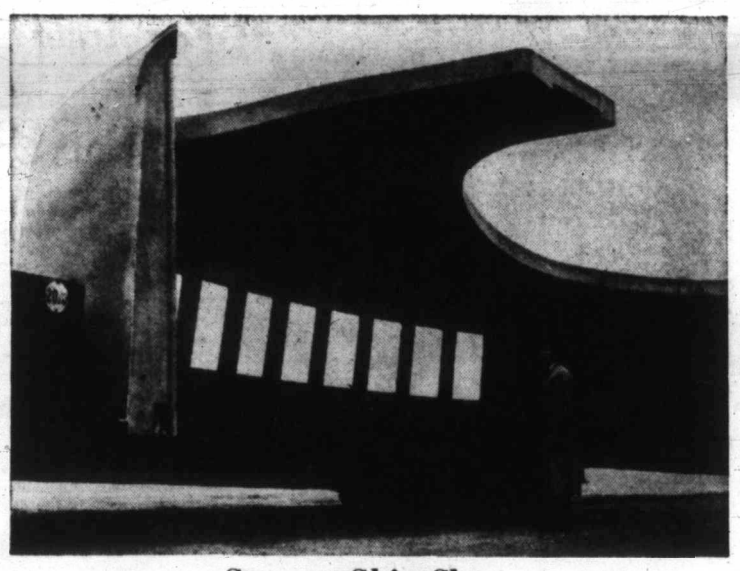
It is to be remembered that the motorist using the new route will not have to make the 18-mile journey from Victoria to Sidney, but also the 25-mile run from Tsawwassen to Vancouver. He will also have two tolls to pay—one at Deas Tunnel and the other at Oak Street Bridge.

As things stand now, it looks as if Tsawwassen with all its problems is the government's best choice, but before this expensive operation is commenced it is hoped that the government will make sure that the site is navigationally as well as constructionally sound. The one is as important as the other.

Train Wreck Kills Engineer

PRINCE RUPERT (UPI)—A CNR engineer died instantly yesterday when a diesel freight train engine hit a mudslide near Hazelton and went over a 100-foot embankment, dragging two cars with it.

Victim was James M. Huntington, about 50, of Smithers.



Strange Ship Shape

This strange structure is a one-piece front wall and roof of the command bridge for the new German liner Bremen, where it's being made. The 32,000-ton liner is slated for its maiden voyage from Germany next July.

Insurance Policies Tailored To Fit This Nuclear Age

LONDON (AP)—Europe's major insurance companies, guarding against threat of nuclear war, have included this paragraph in thousands of house insurance policies: "Excluded from the guarantee against damage are those disasters due to effects direct or indirect of explosions, or heat or radiations coming from a transmutation of the nucleus and/or radioactivity . . ."

Kelowna Man Shares in Sweep

Jobless Mill Hand $28,000 Winner

KELOWNA (CP) — A man who won $28,000 when Mr. What ran third in the Grand National Steeplechase at Aintree, England, phoned a newspaper here to tell of his good fortune.

Albert Polack, 27, had kept his secret since receiving the news but told reporters he could contain himself no longer.

Polack, who has a job now at a plywood mill here, was unemployed for most of the winter.

He will build a new home for his wife Lydia and their three children.

Elsewhere, Canadians won a total of $924,000 sweepstakes when Oxo, Wyndburgh and Mr. What finished in that order.

Five of the lucky ones—including an unemployed sailor—won $140,000 each on the winner. Three held tickets on Wyndburgh, each worth $56,000, and there was one other $28,000 winner on Mr. What—all outside of B.C.

In addition, persons who held tickets on non-starters and horses out of the money will get consolation prizes of $1,150 each.

Lester Yanke of Elmwood, Ont. 26-year-old unemployed sailor who won $140,000, had been job-hunting in Orillia earlier this week.

75 Workers Lose Jobs

Caught in Squeeze, Furrier Folds Up

TORONTO (CP)—Ben Winston, a Toronto synthetic fur manufacturer, says he is closing his business and dismissing his 75 employees because he was fined $1 Friday.

Winston, proprietor of Ideal Fur, was fined for failing to pay assessments to the advisory council of the women's cloak and suit industry, an Ontario government agency set up to regulate wages, hours of work and over-all conditions in the industry.

FOLLOW RULES

Magistrate Donald Graham ruled that a manufacturer of synthetic fur coats must abide by the schedules of the advisory council even if he has a union shop.

"Well, that's it," said Winston following the ruling. "I'm going to close shop. Seventy-five people are going to lose their jobs."

He maintained his employees don't come under the province's Industrial Standards Act, which sets out wage schedules and working conditions governing the women's cloak and suit industry.

Magistrate Graham said they do.

Cuba Bond Lottery Lets Everyone Win

HAVANA (AP) — Cuba's new lottery is designed to let everybody win.

The lottery tickets are savings bonds bearing numbers. If your number comes up, you win a prize. If it doesn't, you earn interest on your investment.

Proceeds go toward low-cost housing.

BRITISH PATTERN

First saving bonds in this lottery plan, patterned on a scheme which has operated in Britain for nearly two years, have just gone on sale.

They bear the liknesses of a bearded rebel gazing at the mountains of Oriente province, where the Castro revolution was born.

There will be a weekly first prize of $100,000, and 1,000 other prizes of $100 each. Bonds cost $25. Fractions can be bought for 25 cents and upward.

DRAW INTEREST

Bonds not winning prizes draw 3 per cent interest annually if held five years; 5 per cent after seven years. However, holders who cash them within a year get only 40 per cent of face value. After one year, it's 50 per cent, after two years 60 per cent, and so on.

The lottery program replaces the old national lottery, dissolved by the revolutionary government.

"ENRICHED CLIQUES"

The Castro government says the old lottery "served for the exploitation of vice and for the enrichment of political cliques." More, it says, the old lottery department had on its payroll 3,684 persons who did no work.

The new regime says it recognizes that gambling, "rooted in the people since colonial times," cannot be abolished by decree. But, it added, "the habit of saving should replace the habit of gambling."

Marconi Reports Deficit

MONTREAL (CP) — The Canadian Marconi Company has reported a net deficit of $386,844 for 1958 operations. A year ago a $1,479,547 deficit was reported.

Working capital at year's end stood at $4,147,479, compared to $3,832,298 at the end of 1957. The company reported $578,950 in development expenditures deferred from 1957 were absorbed during 1958.

* * *

TORONTO (CP) — Sick's Breweries six-per-cent preferred shares have been called for redemption May 1. The shares will be redeemed at $5 a share, plus a dividend of 2½ cents a share for the period April 1-30.

* * *

EDMONTON (CP)—Inland Cement Co. Ltd., and its wholly owned subsidiary, Saskatchewan Cement Co. Ltd., had net earnings in 1958 of $1,645,273, compared with $379,993 in 1957.

The increase in profits, the annual report says, was due almost entirely to increased sales.

Floods of Red Oil May Swamp Europe

STOCKHOLM (AP) — Scandinavian sources say the Russians are getting set with thousands of miles of pipelines to flood the north European market with low-priced crude oil from Soviet fields.

They said today the oil will flow from areas as far away as Baku on the Caspian Sea.

FINNISH DELEGATION

A Finnish trade delegation, headed by Trade Minister Ahti Karjalainen, returned to Helsinki from Moscow this week. It confirmed the Russians have completed a huge transcontinental network to link the Caspian and Black Seas with the Baltic.

The Finns were offered Soviet oil "at a very favorable price," a spokesman said. The exact price was not disclosed.

Soviet technicians are putting the finishing touches on a modern port for tankers at Klaipeda, in Lithuania, expected to be put into operation for small tankers this spring.

Another oil port is planned at Ventspils (Windau), on the Latvian coast of the Baltic.

Soviet oil sold to north Europeans in the past has had to come from the Black Sea by tankers on month-long trips via the Mediterranean, Atlantic and English Channel.

ALL-OUT DRIVE

Swedish experts take the Soviet bid as a first sign of an all-out sales drive for Russian oil in northern Europe.

They say the Caucasian crude Russia offers to sell from ports a one-day voyage from Stockholm and Copenhagen is only fit for heating purposes. The Russians are, however, building a refinery at Ventspils and are expected to turn out gasoline suitable for the Western market.

And the Russians told Swedes at trade negotiations in Moscow some time ago they will be able to offer Sweden Ukrainian natural gas through plastic pipelines under the Baltic Sea in a few years.

* * *

EASILY SPOTTED

The kittiwake gull can be distinguished from other gull species of Atlantic and Pacific coasts by its black legs and feet.

Give Arabs Back Their Oil—CCFer

OTTAWA (UPI)—A veteran CCF member of Parliament has called on the West to assist the Arab world through the United Nations to gain control of Middle East oil resources.

This assistance, said H. W. Herridge, of Kootenay-West, should be the key to a "bold and courageous" new Western policy for the area.

In a CBC broadcast, Herridge accused the West of dealing with the Arab world "in typicall imperialist fashion" during the last century. In particular he hit at exploitation of the area's vast oil resources by Western companies.

The way to win the Middle East was to give these oil resources back to the Arab people themselves, he said, and the most "peaceful and orderly" way to do this, he added, was throught the United Nations.

APPOINTMENT ANNOUNCED

STAN JAMES

Investors Syndicate of Canada, Limited, has announced the appointment of Mr. Stan James as a Sales and Service Representative with the Company's Victoria Division. Mr. James has resided in Victoria for 12 years and is well known in the Greater Victoria area.

Investors Syndicate of Canada, the largest Investment Management Company in Canada, distributes Term Installment Savings Certificates for Annuity; Business Reserve; Registered Retirement Funds (Tax Deductible); Educational Plans; and Bonds—guaranteed as to interest and principal. Investors is also the Investment Manager and Distributor for Investors Mutual of Canada, Ltd.; Canada's largest Mutual Fund and Investors Growth Fund of Canada, Ltd.

Mr. James has been closely associated with the Investors organization for several years.

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b) Qualified Salesman—young man, preferably 25-35, with similar qualifications to Sales Trainee, and capable of handling a territory in the interior after a few months training. Base salary of $350 plus commissions create an earning potential of $10,000 per year. Car and expense account provided. (Reference 226).
c) Area Sales Manager—proven equipment salesman or sales manager, capable of developing into a leading Area Sales Manager within a reasonable time. Duties will include the supervision and direction of 4 or more equipment salesmen selling to small loggers and contractors in the interior. Proposed salary, after qualifying period, $600 to $650 plus commissions, car, expenses. (Reference 227).
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